



**AUG - 3 2005**

The Honorable Edward G. Rendell  
Governor of Pennsylvania  
Room 225  
Main Capitol Building  
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

It is with pleasure that I respond to the Commonwealth of Pennsylvania's request for waivers of statutory and regulatory requirements under the Workforce Investment Act (WIA). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and Sections 8-10 of the Wagner-Peyser Act. In the Strategic State Plan for Title I of the Workforce Investment Act and the Wagner-Peyser Act for the two-year period, July 1, 2005, through June 30, 2007, the Commonwealth submitted four waiver requests. The requests are written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c), and appear to meet the standard for approval at 20 CFR 661.420(e). The following is the disposition of the waiver submission (copy enclosed).

Requested Waiver 1: Extension of the waiver to replace the 17 current measures and to implement the common measures.

We have been working closely with the Commonwealth over the past year to implement this waiver. We are excited about the progress to date, and look forward to continuing our partnership with the Commonwealth on this effort. Accordingly, we are approving an extension of the waiver through June 30, 2007.

Requested Waiver 2: Waiver to increase transfer authority of Local Workforce Investment Boards from the current 20 percent to 100 percent for Adult and Dislocated Worker funds.

The Commonwealth is granted a waiver of the funds transfer limitation at WIA Section 133(b)(4), through June 30, 2007. The waiver allows the state to approve local area requests to transfer up to 100 percent of local area allocations between the WIA Adult and Dislocated Worker programs.

Requested Waiver 3: Waiver of the required 50 percent employer match for customized training at WIA Section 101(8)(C) to permit a match based on a sliding scale.

The Commonwealth indicates that a waiver permitting a sliding scale will improve services to customers seeking training and will improve the capacity of local boards to market demand-driven services and build beneficial relations with the private sector. Accordingly, the waiver is approved as requested.

Requested Waiver 4: Waiver to permit the use of local area formula funds and statewide Rapid Response funds to conduct statewide activities.

The Commonwealth requested a waiver to permit local areas to request the use of up to 10 percent of local area formula allocation funds to provide statewide employment and training activities at WIA Sections 129(b) and 134. The Commonwealth is also seeking to transfer up to 50 percent of the funds reserved for rapid response to the Governor's Reserve funds.

We are granting a waiver of the language that limits the authority to provide the activities identified in WIA Sections 129(b) and 134 to the state. This waiver will permit local areas to request the use of up to 10 percent of local area formula allocation funds for adults, dislocated workers, and youth to provide statewide employment and training activities identified at WIA Sections 129(b) and 134, through June 30, 2007. These funds must be tracked by funding stream. As a condition of this waiver, the Commonwealth must develop a state policy for approving these local area requests and submit it to the ETA Philadelphia Regional Office.

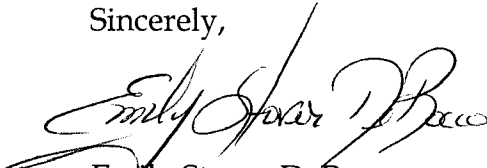
We are also granting a waiver of the language limiting the authority to provide the activities at WIA Section 134(a)(1)(B) to statewide reserve funds. This waiver permits the use of up to 25 percent of the funds reserved for rapid response activities at WIA Section 133(a)(2), to provide the statewide activities authorized at WIA Section 134(a), through June 30, 2007. The Commonwealth indicated that it would not use this flexibility, if granted, for administration, as allowed at WIA Section 134(a)(3)(A)(i) and WIA Section 134(a)(3)(B). Accordingly, we have incorporated this as a condition of the waiver. We believe this flexibility in the use of funds at the levels approved will allow the Commonwealth to meet its goals as outlined in the waiver requests.

Your requests for more flexibility in the use of funds are consistent with the improvements that the Administration is seeking in the reauthorization of the Workforce Investment Act—the consolidation of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser Act (Employment Service) funding streams. We are excited that the Commonwealth has used the state planning process to pursue this level of flexibility. We look forward to hearing about how local areas utilize this flexibility and any performance improvements that result.

As provided for under paragraph 3 of the executed Agreement, the approved waivers are incorporated by reference into the state's WIA Grant Agreement. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's Strategic Plan, as appropriate.

We look forward to continuing our partnership with you and achieving better workforce investment outcomes. We are prepared to entertain other state and local level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,



Emily Stover DeRocco

Enclosure